

Message Text

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PAGE 01 STATE 022058

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SPECIAL CHARGE:EXIMBANK

DRAFTED BY:XMB:AMOHANIAN

APPROVED BY:EB/OCA/REP:JBRABENS

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WARREN W. GLICK, ACTING EXECUTIVE VICE PRESIDENT

EB/IFD/ODF:BGCROWE

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: APUB, MX

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO MEXICO

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF DOLS 982,800 TO PENNWALT DEL PACIFICO S.A.
DE C.V. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON,
D.C. FOR A.M. PAPERS, THURSDAY, FEBRUARY 13, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 982,800 SUPPORTS DOLS 2,184,000
SALE OF U.S. EQUIPMENT TO MEXICO

TO HELP FINANCE A DOLS 2,184,000 SALE OF U.S. GOODS AND SERVICES
TO MEXICO, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF
THE UNITED STATES, PURSUANT TO AN EXIMBANK PRELIMINARY COMMITMENT
APPROVED APRIL 27, 1974, HAS AUTHORIZED A DIRECT CREDIT OF
DOLS 982,800 TO FINANCE 45 PERCENT OF THE TOTAL U.S. COSTS,
ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. THE CHASE
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PAGE 02 STATE 022058

MANHATTAN BANK, NEW YORK, WILL ALSO PROVIDE FINANCING OF

DOLS 982,800 TO FINANCE ANOTHER 45 PERCENT OF THE TOTAL U.S. COSTS. THE OBLIGOR, PENNWALT DEL PACIFICO S.A. DE C.V. OF MEXICO, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR DOLS 218,400.

THE PROJECT IS FOR THE CONSTRUCTION OF A NEW CHLORO-CAUSTIC PLANT TO BE LOCATED AT EL SALTO, JALISCO, ABOUT 12 MILES FROM GUADALAJARA. U.S. PURCHASES INCLUDE ELECTROLYTIC CELLS, HEAT EXCHANGERS, PUMPS, CHLORINE LIQUIFYING SYSTEMS, EVAPORATORS, FILTERS, ELECTRICAL SUBSTATION AND INSTRUMENTATION. THE PRINCIPAL U.S. CONTRACTOR IS EXPECTED TO BE DIAMOND SHAMROCK CORPORATION OF CLEVELAND, OHIO, BUT A LARGE NUMBER OF OTHER U.S. SUPPLIERS WILL BE INVOLVED.

THE LOANS ARE TO BE REPAID IN EIGHT SEMIANNUAL INSTALLMENTS BEGINNING AUGUST 10, 1976. EXIMBANK'S DIRECT CREDIT OF DOLS 982,800 WILL BE REPAID OUT OF THE LAST 4 INSTALLMENTS AT AN ANNUAL INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9.40 PERCENT TO 9.65 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S CREDIT IS TO BE GUARANTEED BY BANCO REFACCIONARIO DE JALISCO S.A. UNQUOTE KISSINGER

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